

ALERT! ALERT! ALERT!

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ALERT #121

TO: Department Controllers, Fiscal Officers and Other Interested Parties

FROM: Arthur L. Barnhart *ALB*
State Controller

DATE: May 19, 1999

SUBJECT: *New employees in the State Controller's Office*
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New employees in the State Controller's Office

Effective May 13, 1999 you may recognize a new voice at the end of the phone line when calling our office. Carol Cortez has transferred into our office from the Department of Revenue to handle a variety of administrative functions. Carol has 18 years of experience in accounting/payroll for Safeway and has begun what she hopes will be a successful second career with the state. She replaces Laura Blake who transferred into the Executive Director's Office of General Support Services.

Also, Dave Grier has been selected to fill the accounting specialist vacancy on the Field Accounting Services Team. Dave's background includes working as an auditor for both the Colorado and Arizona State Auditor's Offices. In addition to his auditing duties Dave was also responsible for the SAO's web page and providing technical software support to the audit staff. Dave will be joining our office effective June 1, 1999.

Please join us in make both Carol and Dave feel welcome.

Transfer and Overexpenditure Extension Bill Passes

The sunset dates for both the transfer and overexpenditure statutes have been extended for five years by SB99-227. This bill has also added language that defines an overexpenditure as being in excess of the total appropriation or not supported by sufficient revenue or fund balance. This relegates the "color of money" violations to the status of a "technical violation." Technical violations will continue to be reported in the annual overexpenditure letter but will not subject the line to restriction in the subsequent year. This new definition will be applied during this year's close. Questions about the impact of SB99-227 may be addressed to your FAST representative.



Changes to Open/Close Instructions

The FY98-99 Closing/FY99-00 Opening Instructions indicate on page 189 that the RTRK table will be open for the 4th quarter of FY99-00 during the month of April. The RTRK table is open during the month of May for the 4th quarter.

FY99-00 Chart of Account Changes

The State Controller's Office will soon issue revised chart of account pages for the Open/Close Instructions. The revisions are to the object and revenue source code sections of the chart. A large number of transfer codes are being added to COFRS and a few additional revenue codes are being added for the purpose of identifying the Long Bill annotations. One set of replacement pages will be sent to each controller's office. Additionally, the pages will be available on our web page.

Capital Construction Six Month Rule

A Memorandum of Understanding (MOU) was recently agreed to between the State Controller's Office and the Capital Development Committee (CDC) regarding the enforcement of the capital construction six month rule contained in CRS 24-30-1404(7). The statute requires funds be encumbered no later than six months from the date the appropriation becomes law for the professional services portion of the project, or if no professional services contracts exist, for the full amount of the project. The MOU allows a department or institution to include an amount in their project plan that will be encumbered by the six month deadline, if the full amount of the encumbrance required by the statute cannot be met. Justification for the proposed amount is required. Once the CDC grants approval of a project plan with a stated encumbrance amount, this revised amount will be monitored by the SCO to determine compliance with the statute. A copy of the signed MOU will be distributed to departments and institutions.

Budget instructions for FY00-01 capital construction requests have been revised to include the encumbrance information. For departments and institutions with capital construction appropriations in the FY99-00 Long Bill, the CDC will provide instructions on how this process will be implemented for the current year. Any questions about the six month rule or capital construction projects in general should be directed to your field accounting specialist.

Exhibit G Instructions

Gary Goold of Fort Lewis College suggested that we clarify the instructions to Exhibit G (page 133 of the FY98-99 Closing Instructions). GASB Statement #7 states that accrued interest should not be included in the comparison of old and new debt service cash flows. The revised Exhibit G instruction language follows:

The sum of debt service cash flows (a & b) is the real dollar projected cash flows for both interest and retirement of debt excluding payments related to accrued interest received at the new debt issuance. The present value sums (c & d) are the present value of each year's cash flows (excluding accrued interest received) totaled for the term of the debt with each discounted at the effective interest rate. The effective interest rate is the rate that, when used to discount the debt service requirements on the new debt, produces a present value equal to the proceeds of the new debt (including accrued interest) net of any premiums, discounts, underwriting spread, and issuance costs that

are not recoverable through escrow account earnings. Issuance costs include all costs incurred to issue the bonds.

Please continue to refer to GASB Statements #7 and #23 for additional details regarding debt refunding. Thanks to Gary for this clarification.

Compensated Absences

The actuary for PERA has determined that the percentage of state employees covered by PERA, who will retire, is 52.0 percent. The percentage for state troopers and CBI agents who will retire is 68.7 percent. These percentages should be used to calculate the compensated absence liability for sick leave booked on COFRS.